Government of Saskatchewan

Annual Report 2004-2005

Saskatchewan Grain Car Corporation

Saskatchewan Centennial 2005

106-02038/

Quick Facts about the Saskatchewan Grain Car Corporation

as of July 31, 2005

Corporation Established	Oct. 2, 1979
Office	Regina

Board of Directors

Maynard Sonntag, Minister Responsible for the Saskatchewan Grain Car Corporation
Mark Wartman, Minister of Agriculture and Food
John Law, Deputy Minister of Highways and Transportation
Doug Matthies, Deputy Minister of Agriculture and Food

Corporation Staff

Bernie Churko, President
Kelly Moskowy, Vice President, Operations
Tim Shoulak, Director, Planning and Research
Shannon Lindholm, Manager, Finance and Administration
Suzi Best, Senior Analyst

Fleet

Cars in service	934
Cars allocated to CN (SKNX 397000-397476)	440
Cars allocated to CP (SKPX 625000-625522)	494
Cars destroyed to date	66
Car volume	128.8 m3 (4550 ft3)
Car capacity	91 000 kg (201,000 lbs)
Load limit	91 250 kg (201,200 lbs)
Weight (empty)	28 050 kg (61,840 lbs)
Material	Steel
Lining	Epoxy
Dates built	February, 1981 and October, 1981

Governing Legislation & Lease Agreements

The Saskatchewan Grain Car Corporation Act
Operating Agreement with CN, CP, and CWB
Alternate Use Agreement with CN and CP

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Letter of Transmittal

October 1, 2005

Her Honour the Honourable Dr. Lynda M. Haverstock
Lieutenant-Governor of Saskatchewan

I have the honour to submit herewith the 26th Annual Report of the Saskatchewan Grain Car Corporation for the year ending July 31, 2005 in accordance with *The Saskatchewan Grain Car Corporation Act*. The Financial Statements are in the form approved by Treasury Board and have been duly certified by auditors for the Corporation.

Respectfully submitted,

Maynard Sonntag
Minister Responsible for the
Saskatchewan Grain Car Corporation

President's Message

October 31, 2005

The Honourable Maynard Sonntag
Chairman of the Board

Dear Sir:

As President of the Saskatchewan Grain Car Corporation (SGCC), I am pleased to present the Annual Report for the fiscal year ending July 31, 2005.

During the 2004/2005 fiscal year, the SGCC met its primary mandate by supplying hopper cars for the movement of western grain.

The SGCC had its second best year ever for alternate use revenues with earnings of $ 1.543 Million for the year. SGCC management continuously monitors the hopper car movements and during non-peak periods works in cooperation with the railways to make every effort to maximize the utilization of the fleet.

The SGCC continues to provide advisory services to the Saskatchewan agricultural community in the areas of producer car loading and improved grain logistics. The goal of these advisory services are to assist producers in their efforts to reduce overall grain logistic costs, and preserve the rail and road infrastructures of Saskatchewan.

As a result of the joint producer car loading conference organized by SGCC, Saskatchewan Association of Rural Municipalities (SARM) and Saskatchewan Urban Municipalities Association (SUMA), held last year, many producers requested additional detailed information on the producer car loading process. In response the SGCC in partnership with SARM, the Canadian Wheat Board, the Canada Grain Commission, Mission Terminals, and a number of producer groups developed a best practices manual for producers, which was released in June 2005.

The single largest project currently being undertaken by the Corporation is the upgrade of the hopper car fleet to the heavier weight capacity of 286,000 pounds and the fatigue cracking repairs needed to address a structural defect in the hopper car fleet. At an estimated cost of $2 million, we anticipate that the work will be completed by July 1, 2006.

As a board member of West Central Road & Rail Ltd. (WCRR), SGCC participates in new developments in the area of grain logistics. In this fiscal year improved crop volumes in the catchments areas of the four WCRR facilities has resulted in significant utilization of its facilities. SGCC and WCRR continue discussions on preparing a strategic plan to role out the producer car loading facility concepts to other areas of the province.

The Corporation provides support to the Farmer Rail Car Coalition (FRCC) in their efforts to acquire the approximately 13,000 Government of Canada hopper cars on behalf of western farmers. The Corporation continued to provide technical consulting services and financial assistance to the FRCC and assisted in presenting the material to the federal government, industry officials and producers throughout the year.

On March 9, 2005 we were very pleased with the announcement by the federal Transport Minister, the Honourable Jean Lapierre, that negotiations to transfer the federal hopper car fleet to the FRCC would begin immediately. The SGCC believes that FRCC ownership of the Federal hopper car fleet will ensure modern car capacity in the long term at the lowest cost to farmers.

As in the past, I'm very pleased that the Corporation is assisting western Canadian producers transport their grain products to domestic and export destinations. The SGCC continues to support and positively influence Saskatchewan agriculture. The Corporation's staff and I look forward to an exciting and challenging fiscal year in 2005/06.

Bernie Churko
President

Corporate Profile

Profile

In 1981, the Government of Saskatchewan made a strategic investment of approximately $55,000,000 in Canada's grain transportation system by purchasing 1,000 covered hopper cars for the movement of export grain grown by western producers. This investment led to the development of the Saskatchewan Grain Car Corporation (SGCC), a Treasury Board Crown Corporation established under the authority of *the Saskatchewan Grain Car Corporation Act*.

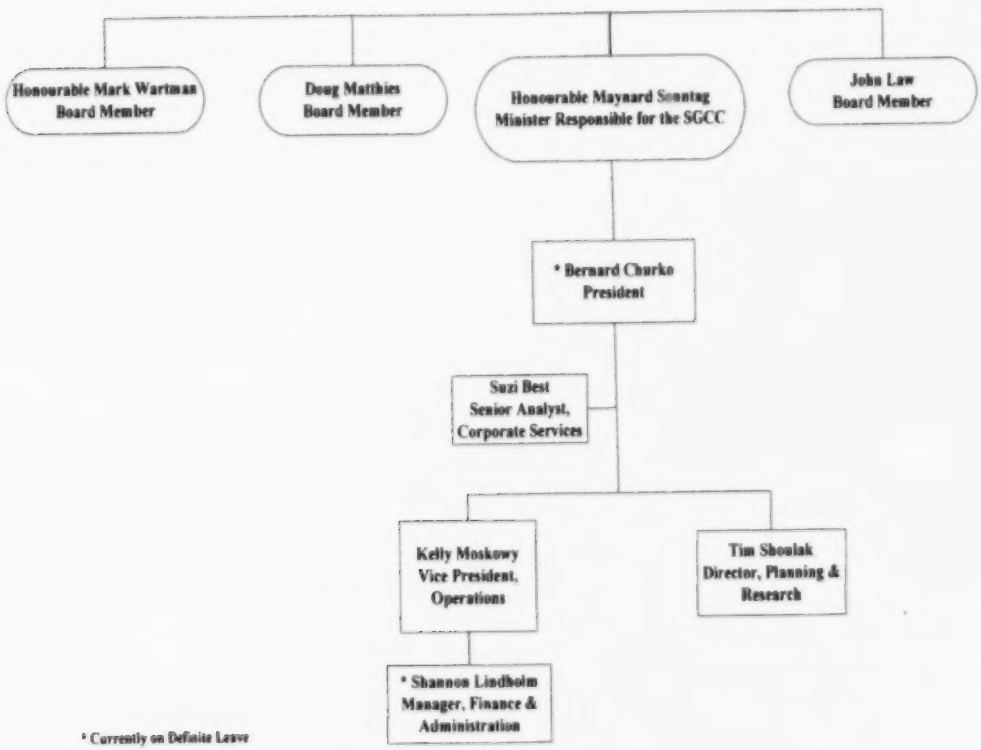
The provision of the SGCC cars in grain service assists the grain industry in meeting its export targets with statutory grain service. This is done by the movement of grain from country origins across the prairies to inland destinations throughout Canada, the United States, and Mexico with commercial or alternate use grain movements.

Mission

"To maximize the economic benefits to Saskatchewan agriculture as a first priority, other Saskatchewan industries as a second priority, and the province in general, through the effective and efficient use of its resources."

Organization Chart

As of July 31, 2005



* Currently on Definite Leave

Corporate Report

The Saskatchewan Grain Car Corporation's (SGCC) mission is to use its resources to maximize the economic benefit to Saskatchewan agriculture as a first priority and for other industries and the province in general as a second priority. In order for the Corporation to remain focused on these priorities, management must be centered on the core business of managing its hopper car fleet while keeping up to date and involved in new innovations and developments in the industry.

The 2004/05 fiscal year has proved to be a very interesting and challenging time for the Corporation. While the Corporation's main focus was on managing the 934 steel covered hopper cars, a considerable amount of time was also spent on providing advisory services to producers and producer groups on grain handling and transportation initiatives.

Management of the Hopper Car Fleet

The Corporation's management continues to monitor and work with the railways to ensure that the hopper car fleet is being utilized to its maximum potential under the existing operating agreements. The 2004/05 crop year saw grain volumes down slightly from the 2003/2004 crop year. Even with this decline in volume, however, the Corporation had the second best year in its history. Alternate use revenues for grain movements to domestic destinations throughout Canada, the United States and Mexico reached $1,543,736 for the 2004/05 fiscal year.

The Corporation manages the hopper car fleet under the existing 1981 Operating Agreement between Canadian National Railway Company (CN), Canadian Pacific Railway Ltd. (CPR) and the Canadian Wheat Board (CWB) and the 1999 Alternate Use Agreements with each of the railways. The 1981 agreement was dated and included a clause permitting the railways a first right of refusal, should the SGCC decide to sell its fleet to any other party. As a result, in May 2004 notice was served to all parties that these agreements would be terminated effective July 31, 2004.

The SGCC has been attempting for some time to enter into a new lease arrangement with CN and CPR. Various leasing options are being considered in the current negotiations with the railways. The Corporation's philosophy on the maintenance of

In the 2004/05 crop year the SGCC focused on the following key activities:

2004/2005 Key Activities

Management of the SGCC Fleet

- Second highest ever alternate use revenues of $1.54 million
- SGCC begins upgrade of its hopper cars to 286,000 pound capacity.
- Fatigue cracking and general repairs required to maintain the integrity of its hopper car fleet has begun.
- Hopper car reflectorization done to improve public safety at crossings.

Farmer Rail Car Coalition Inc. (FRCC)

- Financial assistance and technical consulting services provided throughout the fiscal year.
- $178,861 in total assistance: financial assistance of $64,200 and technical consulting services of $114,661.
- Technical consulting services were used to:
  - update the Business and Financial Plan,
  - to meet the due diligence requirements of Federal government,
  - financial accounting,
  - management and administration of the initiative.

West Central Road and Rail Ltd. (WCRR)

- The President of SGCC is a Board Member of WCRR.
- Partial facilities at Lucky Lake and Beechy were operational in the fall of 2003.
- 130,000 tonnes shipped from the four facilities located in Eston, Laporte, Lucky Lake and Beechy.

Producer Involvement

- Producer car loading best practices manual developed to assist producers that have decided to load their own grain cars.

Countervailing Duty Case

- 0.35% countervailing duty has been imposed on government owned hopper cars.
- Appeal of countervailing duty results in duty being reduced from 5.29% to 2.54%.
- SGCC will continue to work with the committee and legal counsel to appeal this ruling.

the hopper cars has changed over the last few years. The 1981 Operating Agreement was a net service lease agreement meaning the railways were solely responsible for maintaining the hopper car fleet. SGCC's management is considering other lease options such as a full service lease. A full service lease would allow the implementation of modern asset management maintenance strategies and would also provide an opportunity to ensure that more maintenance is conducted within the Province of Saskatchewan. Management is also confident that it can earn more profit through this kind of lease than is currently earned.

Discussions respecting a new full service lease have been slow because the railways are hesitant to establish any precedents until they have concluded their negotiations with the Farmer Rail Car Coalition (FRCC). While the timing of the conclusion of negotiations between the railways and the FRCC is unknown, it is anticipated that the earliest date that the railways would contemplate entering into a full service lease with the SGCC is in 2006.

The single largest project currently being undertaken by the Corporation is the upgrade of the hopper car fleet to the heavier weight capacity of 286,000 pounds and the fatigue cracking repairs needed to address a structural defect in the hopper car fleet. It is management's belief that the upgrade of the hopper cars to the heavier weight standard will allow producers to more efficiently transport their grain to market. Moreover, the repairs of the fatigue cracking being experienced will preserve the asset and ensure that it will reach its full life span of 50 years.

To further ensure the long term viability of the Province of Saskatchewan's investment in the hopper car fleet, management is taking a proactive approach in future asset management decisions. A preliminary inspection was completed on a representative sample of the SGCC hopper car fleet in the fall of 2004. Based on these inspection deficiencies, in the areas of gates, hatch covers, trucks, miscellaneous repairs were identified. As part of the hopper car upgrade and repair project, the SGCC is undertaking repairs to these components.

Through mutual agreement by all North American Class I Railroads, the Association of American Railroads (AAR) establishes and manages the rules governing the railway operations and equipment specifications. The AAR has established a new requirement that all rail cars be reflectorized to reduce the incidence of car/train accidents at crossings. SGCC has undertaken to combine the reflectorization of its hopper cars with the upgrade and fatigue cracking repair program.

Grain Handling and Transportation Advisory Services

In the 2004/05 fiscal year, SGCC continued its involvement in various western Canadian transportation and grain handling initiatives and projects. Some of the projects and initiatives that the Corporation was involved in over the past year include the following:

Farmer Acquisition of the Federal Hopper Car Fleet

The Farmer Rail Car Coalition (FRCC) continues its efforts to acquire the Federal hopper car fleet on behalf of western Canadian farmers. In the 2004/05 fiscal year, the SGCC has provided $178,861 in both financial support and technical consulting services. In the last three years the Corporation has provided financial and technical advisory services in many phases of this initiative including the development and maintenance of the Business and Financial Plan, meeting the due diligence requirements of the Federal Government, financial accounting, and general management and administration of the project.

On March 9, 2005 the federal Transport Minister, the Honourable Jean Lapierre, announced that negotiations to transfer the federal hopper car fleet to the FRCC would begin immediately. Significant negotiations with the federal government and the railways have ensued and the Corporation is confident that an agreement will be reached between the federal government and the FRCC in the near future.

West Central Road and Rail Ltd.

The 2004/2005 fiscal year was a successful one for West Central Road and Rail Ltd. (WCRR). WCRR is currently operating four facilities along the rail network: Eston, Laporte, Lucky Lake, and Beechy. WCRR contracted over 200,000 metric tonnes and of that shipped approximately 174,000 metric tonnes based on Canadian Wheat Board delivery acceptance levels.

This was the first year in four years of operation that production was at normal levels. The quality of the production posed the larger problem, with frost and other degrading factors caused by a protracted harvest. The fact that many of the degrading factors were subjective, presented some challenges for the optimization program. Tighter constraints in the optimization program, along with manual oversight, were necessary to address the related issues. Overall the software worked well and WCRR continues to refine the program. The process supporting the WCRR model is also steadily improving and evolving.

WCRR anxiously awaits the outcome surrounding the sale of the UGG Port Terminal at Vancouver. The final outcome will have a direct bearing on WCRR's ability to expand its model across the provincial spectrum.

Producer Car Manual

As a result of the Saskatchewan Grain Car Corporation's (SGCC) successful Producer Car Loading conferences, and the positive feed back that they received, the decision was made to develop a Producer Car Loading Best Practices Manual.

The Saskatchewan Association of Rural Municipalities (SARM), in partnership with the SGCC struck a committee consisting of representatives from the Canadian Wheat Board, the Canada Grain Commission, the Canadian Transportation Agency, Mission Terminals, West Central Road and Rail and numerous producer loading groups to develop this manual. Based on the work of this committee, in June 2005, the Producer Car Loading Best Practices Manual was made available to the farming community.

This manual covers all aspects of the producer car loading process from taking proper grain samples of each bin, to ordering cars and how to address unforeseen issues that might arise.

U.S. Countervail on Wheat

The SGCC is a member of the committee formed to coordinate the Saskatchewan government's efforts to oppose the anti-dumping and countervailing duties on durum and hard red spring wheat filed by the North Dakota Wheat Commission (NDWC) and the U.S. Durum Growers Association (USDGA). In 2002/03 the committee contracted legal council in the U.S. to defend against the allegations.

On August 29, 2003, the Department of Commerce announced affirmative final determinations in its countervail and anti-dumping investigations on durum and hard red spring wheat. The outcome was a final countervail rate of 5.29% for durum and hard red spring wheat; final anti-dumping rates of 8.26% for durum; and 8.87% for hard red spring wheat. As part of its final determination the Department of Commerce (DOC) concluded that the provision of government owned hopper cars constituted a countervailable subsidy of 0.35% on hard red spring wheat.

On October 3, 2003, the United States International Trade Commission (ITC) announced its decision respecting whether the U.S. industry was materially damaged by the sale of Canadian wheat and durum. The ITC ruled that the U.S. industry is materially injured by reason of imports of hard red spring wheat from Canada. As a result, the duties as calculated by the Department of Commerce came into force on imports of hard red spring wheat. The ITC made negative determinations with respect to imports of durum wheat from Canada. As such no duties were imposed.

The Government of Saskatchewan together with the Governments of Canada and Alberta have undertaken to appeal this ruling to the bi-national panel review under Chapter 19 of the North American Free Trade Agreement. The appeal of the countervailing duty rate resulted in the NAFTA panel ordering the Department of Commerce (DOC) to recalculate the countervailing duty rate. Based on these instructions the DOC recalculated the countervailing duty rate to be 2.54%. This new rate will also be appealed.

The NAFTA Panel reviewing the wheat injury determination has issued a decision remanding the case back to the ITC for further analysis on very specific issues. The issue of whether the importation of Canadian wheat has harmed the U.S. industry is currently being reviewed by the ITC and a determination is anticipated in October 2006. If the ITC determines that the U.S. industry was not materially damaged by the sale of Canadian wheat then all duties on the importation of wheat will be dropped.

Reliability-centered Maintenance Project

The SGCC hosted a Reliability-centered Maintenance (RCM) Introductory Course and Operating Context Review Workshop in the spring of 2005 with representatives from the SGCC, FRCC and various maintenance facilities in attendance. The workshop was facilitated by Mr. Keith Kortz of Strategic Technologies, Inc. (STI). The introductory course was designed to provide participants with a clear understanding of how RCM works in practice and what this technology entails, and provided the participants with the opportunity to evaluate the potential benefits of the application of RCM within the rail car industry. The operating context review workshop examined hopper car maintenance and discussed measures of performance, rates of deterioration and responsibilities of the parties in the process. The workshop was a starting point for the SGCC in developing a comprehensive scheduled maintenance plan which minimizes running repairs and bad orders during peak periods which is essential if the SGCC moves to a full-service lease and is responsible for the maintenance of the fleet.

As an overview of the RCM process it identifies a suitable failure management policy for dealing with each failure mode in the light of its consequences and technical characteristics. Failure management policy options include:

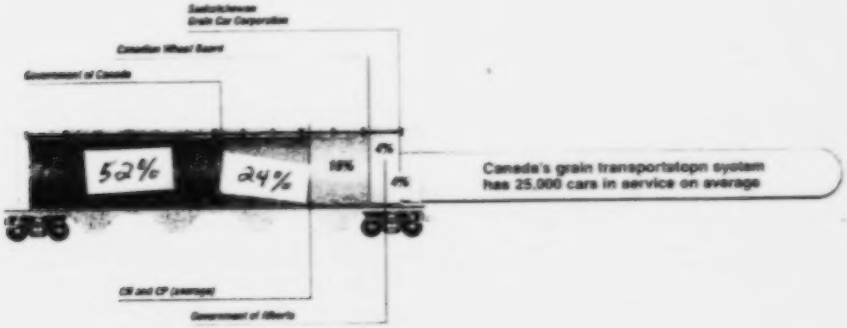
- Predictive maintenance
- Preventive maintenance
- Failure-finding
- Change the design or configuration of the system
- Change the way the system is operated
- Run-to-failure

The RCM process provides powerful rules for deciding whether any future management policy is technically appropriate. It also provides precise criteria for deciding how often routine tasks should be done.

Heavy emphasis on the expectations of the user is one of the many features of RCM. Another is the use of cross-functional RCM review groups of users and maintainers to apply the process. With careful training, the SGCC will be able to use RCM to produce extraordinarily robust and cost-effective maintenance programs, even in the situation where they anticipate not being successful in obtaining historical car repair records from the railroads.

Examples of what RCM has achieved in other industries:

- A 16% increase in the total output of a 24/7 processing plant.
- A 300 tonne dragline in a coal mine whose availability rose from 86% to 92% within 6 months of introducing RCM principles.
- A 50% reduction in the routine maintenance workload of a plant.
- A 50% reduction in the routine maintenance requirements of an electrical distribution system.
- An 85% reduction in the routine maintenance requirements of a hydraulic system on an oil platform.
- A 62% reduction in the number of low frequency maintenance tasks which needed to be done on a machining line in an automotive engine plant.



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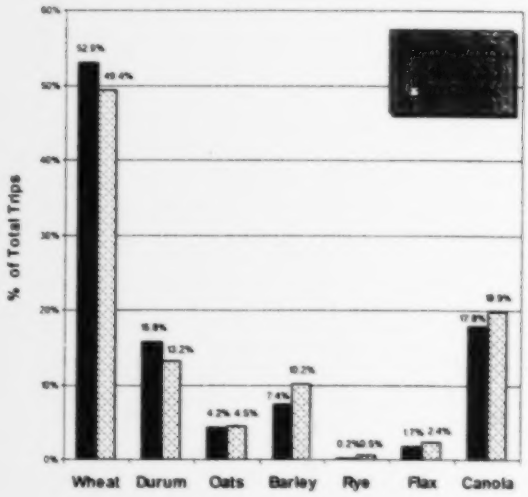
The Corporation's staff continues to use a computerized car tracking system to monitor the day-to-day movements of the fleet, enabling them to identify such things as inactive cars, bad orders and determining the destinations of movements for billing purposes. This system has assisted management significantly to identify issues around the timely repair of hopper cars and notification of destroyed cars leased to the railways.

Canadian National Railway Ltd. (CN) and Canadian Pacific Railway Ltd. (CPR) have an assigned percentage of the Corporation's hopper car fleet. This allocation can be adjusted on a bi-annual basis based on the total tonnes handled by each railway in the most recent five year period. At the start of the 2004/05 fiscal year, CN has 442 and CPR had 497 hopper cars assigned, respectively. Throughout the year, CN had 2 destroyed cars due to derailments and CPR had 3 destroyed cars due to derailments, leaving them with 440 and 494 hopper cars respectively, assigned at July 31, 2005. A detailed summary of the destroyed cars can be found on page 28 of this report. The railway responsible for a destroyed hopper car is required to compensate the Corporation based on the guidelines defined by the Association of American Railroads (AAR). The compensation received for the destroyed hopper cars is placed into a Reserve Fund.

2004/05 Operations Highlights

- Operating agreement covered 77.2% of all car movements
- 440 hopper cars on CN Lines
- 494 hopper cars on CPR Lines
- 5 hopper cars destroyed
- 66 hopper cars destroyed to date
- 10,528 CWB hopper car movements (898,550 tonnes)
- Decline of 17.2% in total movements and tonnage from 2003/04

Summary of all grain (Statutory and Commercial) movements in SGCC cars 2004/05 - 2003/04



Summary of all grain (Statutory or Commercial) movements in SGCC cars

	2004/2005		2003/2004	
Commodity	*Total Trips*	*Tonnes*	*Total Trips*	*Tonnes*
Wheat	5,571	496,748	6,277	561,965
Durum	1,661	149,235	1,684	151,969
Oats	446	32,758	571	42,186
Barley	777	62,925	1,291	105,015
Rye	16	1,277	64	5,346
Flax	183	13,212	304	22,927
Canola	1,874	142,395	2,527	194,976
TOTAL	10,528	898,550	12,718	1,084,384

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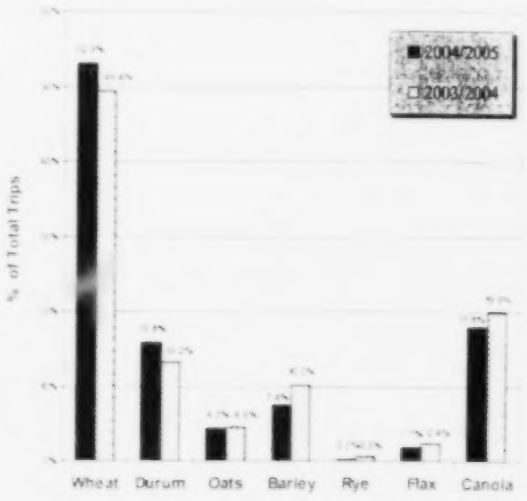

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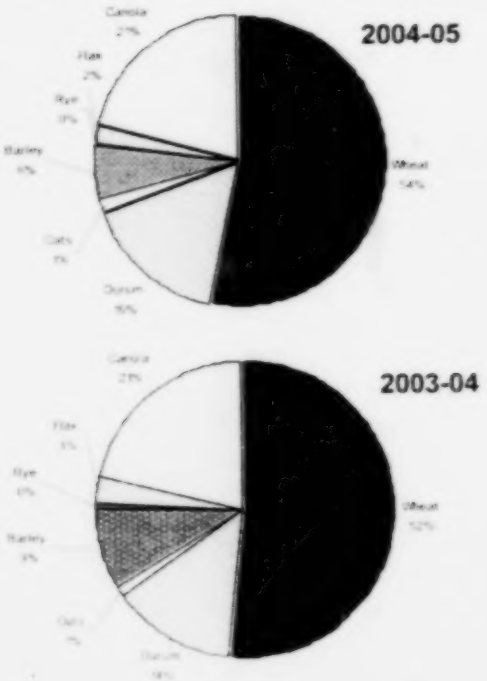
TOTAL	10,528	898,550	12,718	1,084,384

The Corporation's hopper car fleet is utilized for both statutory and commercial movements. The majority of the movements are statutory grain movements. They originate in western Canada and are destined for export through port facilities in Thunder Bay, Churchill, Prince Rupert and Vancouver. These movements are defined in the 1981 Operating Agreement between SGCC, the Canadian Wheat Board (CWB), CN and CPR. The SGCC provides its hopper cars free of charge for all statutory grain movements. The commercial movements are all grain movements destined to the U.S. and Mexico or to non-export points in Canada or non-grain commodities such as potash, to all destinations. Commercial movements are subject to full commercial lease rates. In the 2004/05 fiscal year, statutory grain service accounted for 77.2% of all the SGCC's car movements while commercial movements made up the remaining 22.8%.

In 2004/05, the Corporation's hopper car fleet moved a total of 10,528 car loads (898,550 tonnes) of Canadian Wheat Board (CWB) grain. Hopper car movements decreased from the previous year, with a decrease in total carloads and in tonnage of 17.2%. This is based on information provided by the CWB on the six major grains.

Major Grain carried to port
2004-05 – 2003-04



Statutory Grain Service

Statutory grain service decreased due to the decline in grain production in western Canada. CWB statistics reported total statutory movements of 8,128 car loads as compared to 9,754 car loads in 2003/04. This is a 16.7% decline in statutory movements of the six major grains. Statutory grain service accounts for 77.2% of all hopper car movements, a slight increase of 0.5% from the previous two crop years.

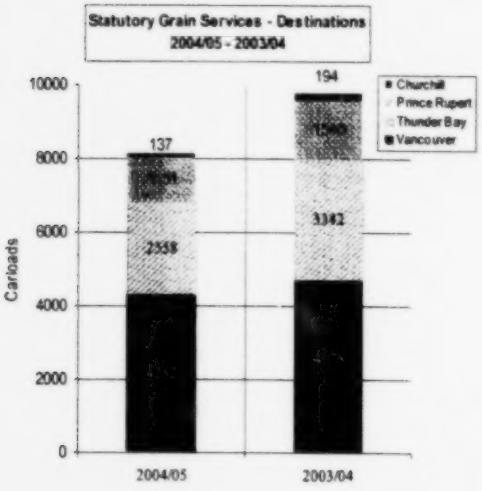
Statutory movements are allowed under the original 1981 Operating Agreement between the SGCC, CN, CPR and CWB in which the rail companies are allowed to use the Corporation's cars free of charge to move the six major grains from the Prairie Provinces to port locations at Thunder Bay, Churchill, Vancouver and Prince Rupert for export. The six major grains covered under the original 1981 agreement included: Wheat/Durum, Oats, Barley, Rye, Flax, and Canola. As the agricultural sector has diversified and evolved this list was expanded and now includes approximately 60-grain crops or products as listed under Schedule II of *the Canada Transportation Act*. Movements of these Schedule II commodities, to western Canadian ports for export, are considered statutory movements and the railways are allowed to use SGCC hopper cars at no charge.

2004/05 Statutory Service Highlights

- 77.2 % of all movements were statutory movements
- Decline of 1,626 total trips
- 16.7 % decrease in trips and 16.9% decline in tonnage
- 8,128 CWB hopper car movements (695,689 tonnes)
- Wheat accounts for 54% of all statutory movements

Summary of all grain Statutory movements in SGCC cars

	2004/2005		2003/2004	
Commodity	*Total Trips*	*Tonnes*	*Total Trips*	*Tonnes*
Wheat	4,336	387,982	5,047	452,840
Durum	1,305	116,987	1,319	118,824
Oats	110	7,558	110	7,611
Barley	512	41,872	872	71,155
Rye	5	452	43	3,771
Flax	165	11,867	291	21,952
Canola	1,695	128,971	2,072	160,851
TOTAL	8,128	695,689	9,754	837,004



Alternate Use/Commercial Service

The slight decline in crop production in western Canada has resulted in a decline in the revenues for the Corporation. Even with these pressures, the Corporation has had its second best year ever with alternate use revenues of $1.54 million. This is a decline of approximately $222,000 from 2003/04. The alternate use revenues earned are split between the two major railways, CN and CPR with 45.7% and 54.3% respectively.

Alternate use movements declined by over 19% from the previous crop year, with 2,400 trips (202,863 tonnes) as compared to 2,964 trips (247,380 tonnes) in the 2003/04 crop year. However as a percentage of total CWB movement, the alternate use movements decreased slightly to 22.6%, this is approximately 0.5% below the previous crop year.

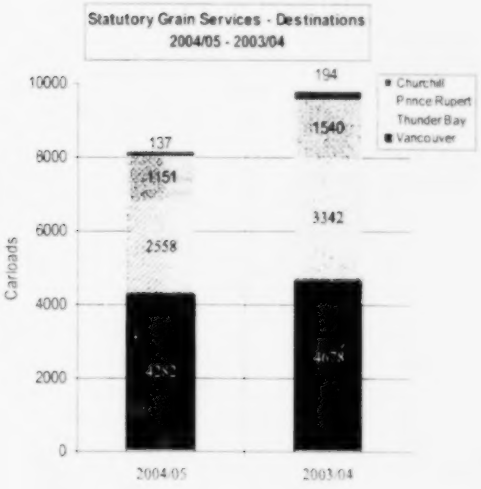
Alternate use movements are those movements outside the parameters of the 1981 Operating Agreement. The Corporation has formal alternate use agreements with CN and CPR for the railways to transport commodities domestically on a fee for service basis. The majority of the movements are for the carriage of the six major grains to domestic destinations throughout Canada, the United States and Mexico.

The number of trips to Mexico has been increasing over the past few years. In 2004/05, the Corporation reported 261 trips to Mexico, with CN and CPR splitting the trip 56% and 44% respectively. This is an increase of 23.7% over the 2003/2004 crop year, and an increase of 153% over the 2002/2003 figures. Total revenue from the Mexico trips is $194,446. The main commodities being transported to Mexico are wheat and canola.

The Corporation's mandate is to provide the hopper cars as a first priority for statutory grain service. However, in order for the Corporation to maximize the benefit of the hopper car fleet for the province in general, management must continue to seek revenue generating alternatives for the hopper car fleet.

2004/05 Alternate Use/Commercial Service Highlights

- $1.54 Million in alternate use revenue
- 2nd highest alternate use revenues in SGCC's history
- 2,400 CWB hopper car movements (247,380 tonnes)
- $194,446 of revenue from movements to Mexico



Alternate Use/Commercial Service

The slight decline in crop production in western Canada has resulted in a decline in the revenues for the Corporation. Even with these pressures, the Corporation has had its second best year ever with alternate use revenues of $1.54 million. This is a decline of approximately $222,000 from 2003/04. The alternate use revenues earned are split between the two major railways, CN and CPR with 45.7% and 54.3% respectively.

Alternate use movements declined by over 19% from the previous crop year, with 2,400 trips (202,863 tonnes) as compared to 2,964 trips (247,380 tonnes) in the 2003/04 crop year. However as a percentage of total CWB movement, the alternate use movements decreased slightly to 22.6%, this is approximately 0.5% below the previous crop year.

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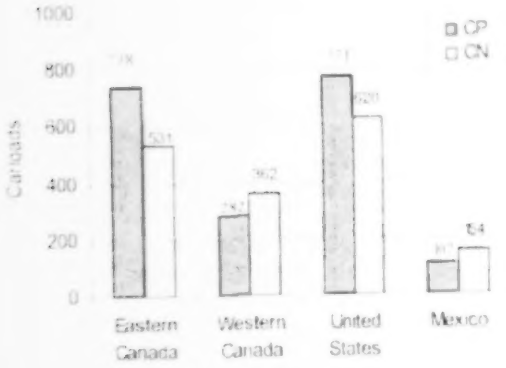
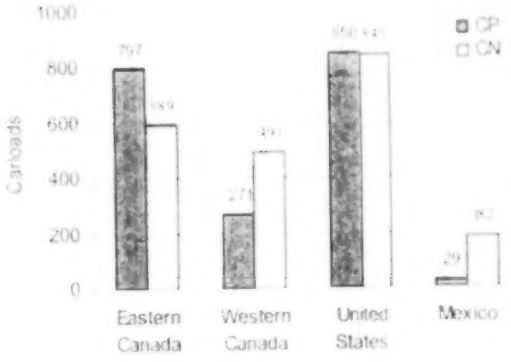
Commercial Service - Destinations 2004/05



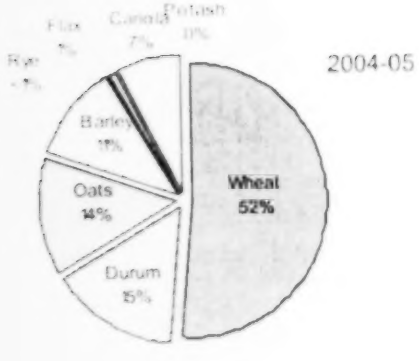
Commercial Service - Destinations 2003/04

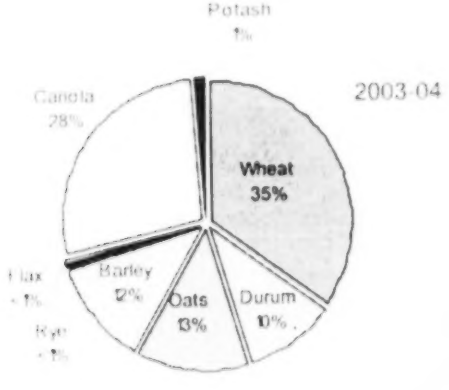


Summary of all grain Commerical movements in SGCC cars

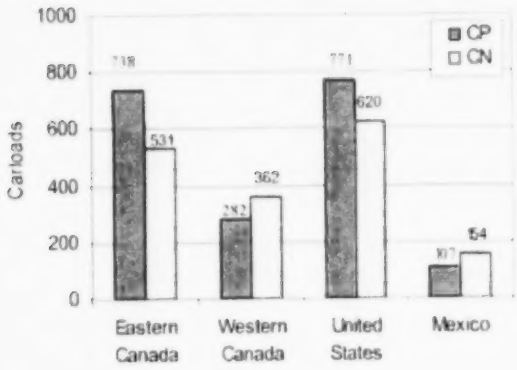
	2004/2005		2003/2004	
Commodity	*Total Trips*	*Tonnes*	*Total Trips*	*Tonnes*
Wheat	1,235	108,766	1,230	109,125
Durum	356	32,247	365	33,145
Oats	336	25,200	461	34,575
Barley	265	21,053	419	33,860
Rye	11	825	21	1,575
Flax	18	1,346	13	975
Canola	179	13,425	455	34,125
TOTAL	2,400	202,862	2,964	247,380

Major Commodities carried – Alternate Use
2004/2005 – 2003/04

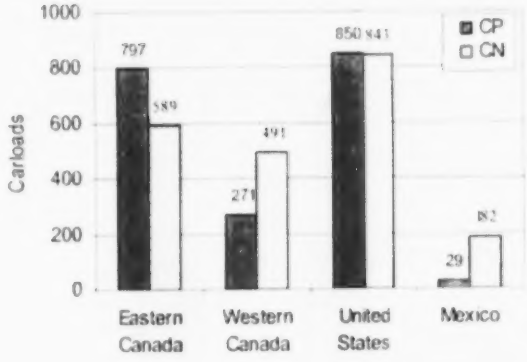




Commercial Service - Destinations 2004/05



Commercial Service - Destinations 2003/04



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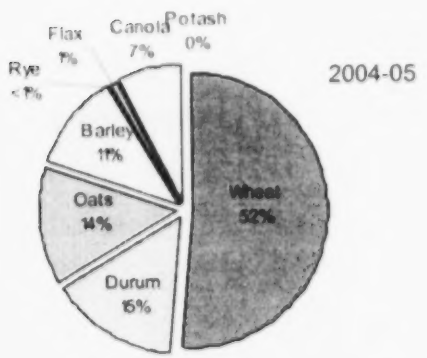
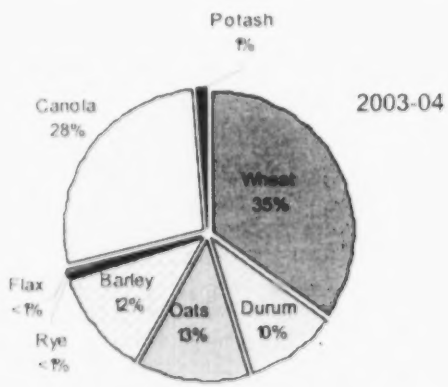


2004-05



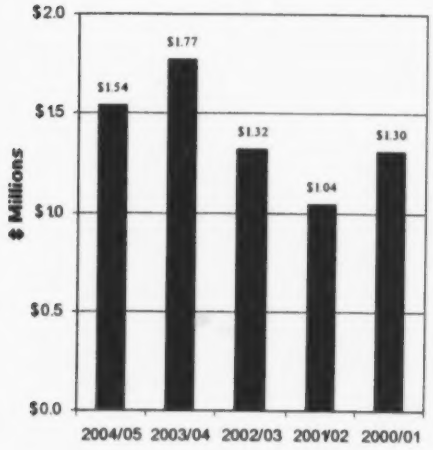
2003-04

Financial Highlights

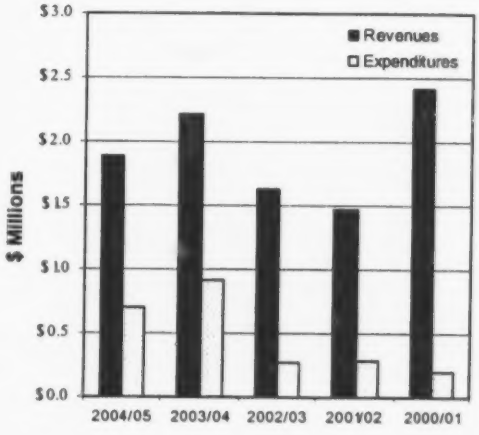
For the year ended July 31, 2005

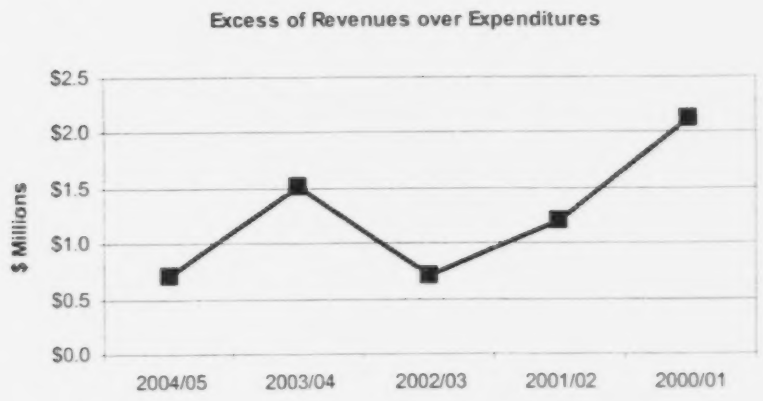
	Budget	Actual
Total Revenue	**$ 3,368,000**	**$ 1,891,274**
Car Leasing	2,720,000	1,543,736
Car Leasing - Fleet Upgrade & Maintenance	480,000	-
Interest	60,000	90,360
Consulting Services	50,000	114,661
Detroyed Cars	58,000	142,517
Total Expenditure	**$ 3,295,200**	**$ 1,180,886**
Excess of Revenue over Expenditure	**$ 72,800**	**$ 710,388**
Total Assets		**$ 2,886,528**
Due from General Reserve Fund Operating		105,085
Due from General Reserve Fund Reserve		2,374,094
Investment in West Central Road & Rail Ltd.		407,349
Physical Assets Hopper Cars		**$ 20,254,835**
Payments made to General Revenue Fund		**$ 1,000,000**

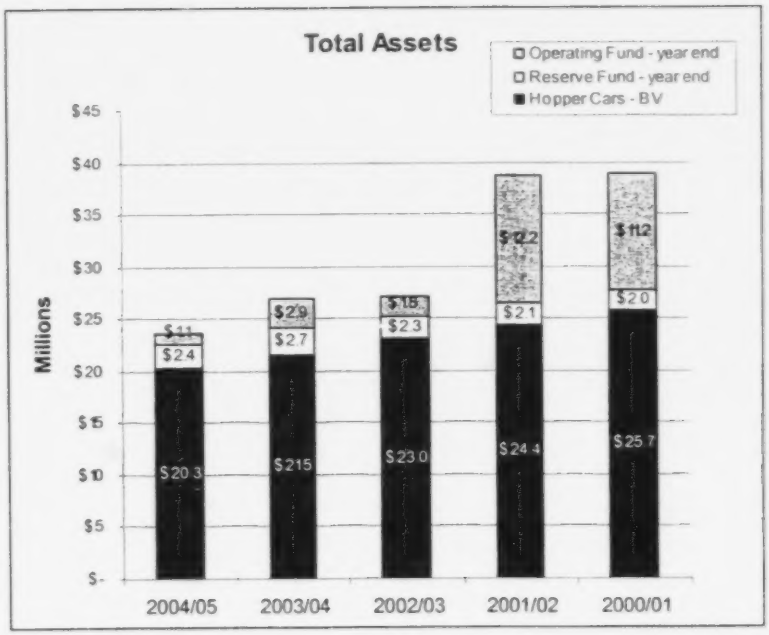
Commerical Service Revenues

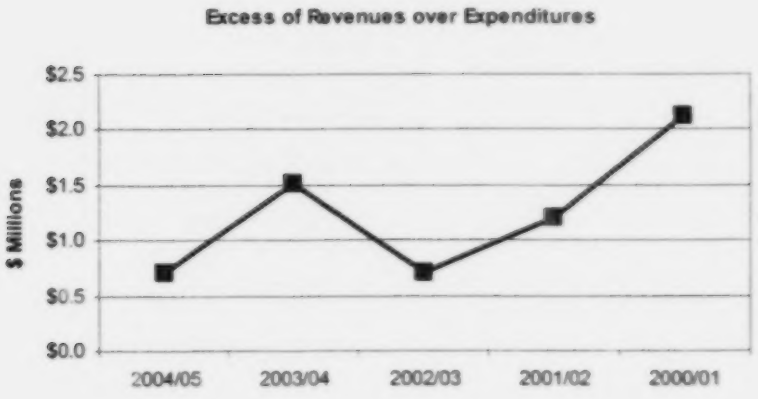


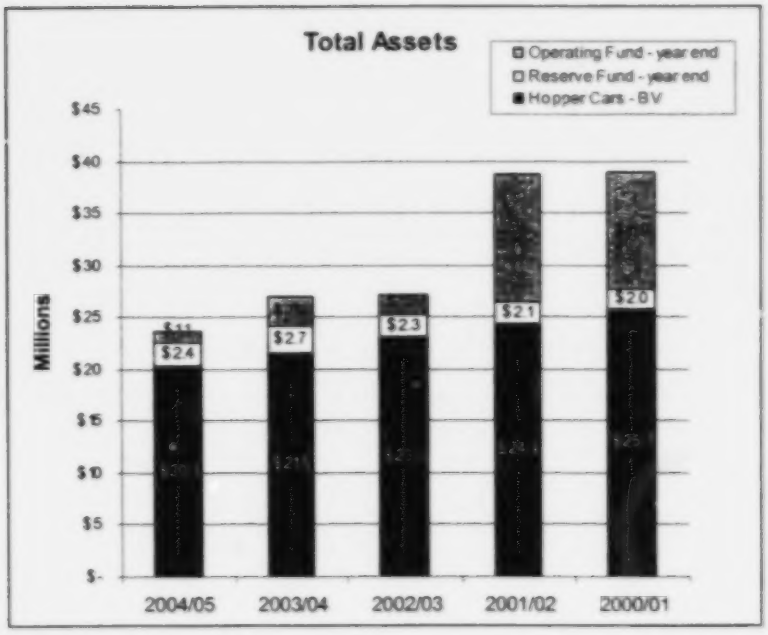
Revenues - Expenditures




Excess of Revenues over Expenditures
$ Millions
$2.5
$2.0
$1.5
$1.0
$0.5
$0.0
2004/05
2003/04
2002/03
2001/02
2000/01


Total Assets
Operating Fund - year end
Reserve Fund - year end
Hopper Cars - BV
Millions
$45
$40
$35
$30
$25
$20
$15
$10
$5
$-
$2.4
$20.3
$2.7
$21.5
$2.3
$23.0
$2.1
$24.4
$2.0
$25.7
2004/05
2003/04
2002/03
2001/02
2000/01


Excess of Revenues over Expenditures
$ Millions
$2.5
$2.0
$1.5
$1.0
$0.5
$0.0
2004/05
2003/04
2002/03
2001/02
2000/01


Total Assets
Operating Fund - year end
Reserve Fund - year end
Hopper Cars - BV
Millions
$45
$40
$35
$30
$25
$20
$15
$10
$5
$-
$2.4
$2.7
$2.3
$2.1
$2.0
2004/05
2003/04
2002/03
2001/02
2000/01

Management's Report

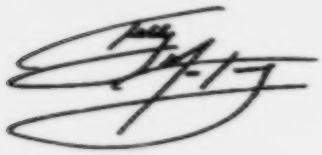
The accompanying financial statements have been prepared by management of the Saskatchewan Grain Car Corporation. These financial statements have been prepared in conformity with generally accepted accounting principles in Canada, consistently applied using management's best estimates and judgment where appropriate. Management is responsible for the reliability and integrity of the Financial Statements and other information contained in the Annual Report.

The integrity of financial records from which these financial statements are prepared is largely dependent on the systems of internal accounting controls. The purpose of such systems is to provide reasonable assurance that transactions are executed in accordance with proper authorization, transactions are appropriately recorded in order to permit preparation of accurate financial statements and assets are properly accounted for and safeguarded against loss from unauthorized use. Underlying this concept of reasonable assurance is the fact that limitations exist in any system of internal accounting controls based on the premise that the cost of such controls should not exceed the benefits derived.

Management believes that the financial statements in this Annual Report present fairly the financial position of the Corporation for the year ending July 31, 2005.

The Board of Directors has fulfilled its responsibility with respect to the financial position of the Corporation by reviewing and approving the financial statements for the year ending July 31, 2005.

The financial statements have been audited by the Corporation's external auditors, Skilnick Besler Miller Moar & Co., Chartered Accountants, and approved by the Provincial Auditor.



Kelly Moskowy

Regina, Saskatchewan
October 1, 2005

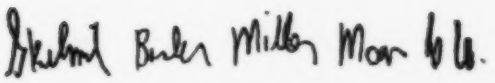
Auditors' Report

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of financial position of the Saskatchewan Grain Car Corporation as at July 31, 2005, and the statements of operations, net assets and cash flows for the year then ended. The Corporation's management is responsible for preparing these financial statements for Treasury Board's approval. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at July 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



SKILNICK BESLER MILLER MOAR & CO.

Chartered Accountants

Melville, Saskatchewan

September 8, 2005

Statement of Financial Position

Statement 1

For the year ended July 31, 2005	2005			2004
	Operating Fund	**Reserve Fund**	**Total**	**Total**
Assets				
Current Assets				
Cash	$ 4,501	$ Nil	$ 4,501	$ 50,704
Due from General Revenue Fund *(Note 4)*	1,050,085	2,374,094	3,424,179	3,605,013
Accounts receivable *(Note 6)*				
- accrued interest	2,026	5,068	7,094	5,912
- car leasing	306,021	25,963	331,984	541,995
Prepaid expenses *(Note 7)*	Nil	256,437	256,437	Nil
	$ 1,362,633	$ 2,661,562	$ 4,024,195	$ 4,203,624
Other Assets				
Investment in shares of West Central Road & Rail Ltd. *(Note 9)*	407,349	Nil	407,349	407,349
Total Assets	$ 1,769,982	$ 2,661,562	$ 4,431,544	$ 4,610,973
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued liabilities *(Note 6)*	$ 50,573	$ 105,996	$ 156,569	$ 44,534
Wage deductions payable	Nil	Nil	Nil	159
Goods and services taxes payable	7,005	Nil	7,005	8,698
Due (to) from other fund	(16,621)	16,621	Nil	Nil
Total Liabilities	40,957	122,617	163,574	53,391
Net Assets - Statement 3	1,729,025	2,538,945	4,267,970	4,557,582
Total Liabilities and Net Assets	$ 1,769,982	$ 2,661,562	$ 4,431,544	$ 4,610,973
Investment in Property, Plant and Equipment *(Note 7)*			$20,254,835	$21,467,463

See accompanying notes to financial statements

Approved on behalf of the Board:

Maynard Sonntag
Chairperson of the Board

Statement of Operations

Statement 2

For the year ended July 31, 2005

	Budget	2005 Operating Fund	2005 Reserve Fund	2005 Total	2004 Total
Revenue					
Car leasing - *Alternate Use (Note 2)*	$ 2,720,000	$ 1,543,736	$ Nil	$ 1,543,736	$ 1,766,041
Car leasing - *Fleet upgrade and maintenance*	480,000	Nil	Nil	Nil	Nil
Interest *(Notes 4 & 5)*	60,000	28,494	61,865	90,359	83,623
Consulting services	50,000	114,661	Nil	114,661	29,148
Compensation for destroyed grain cars *(Note 2)*	58,000	Nil	142,517	142,517	334,029
Total Revenue	$ 3,368,000	$ 1,686,891	$ 204,382	$ 1,891,273	$ 2,212,841
Expenditure					
Salaries and benefits *(Note 5 & 8)*	425,000	428,032	Nil	428,032	389,503
Farmer Rail Car Coalition Funding *(Note 10)*	Nil	178,861	Nil	178,861	94,387
Travel and sustenance	30,000	26,200	Nil	26,200	24,681
Fleet upgrade and maintenance	2,646,350	64,723	318,731	383,454	30,000
Administration *(Schedule 1)*	193,850	164,338	Nil	164,338	165,632
Total Expenditure	$ 3,295,200	$ 862,154	$ 318,731	$ 1,180,885	$ 704,203
Excess (Deficiency) of Revenue over Expenditure for the Year	$ 72,800	$ 824,737	$ (114,349)	$ 710,388	$ 1,508,638

See accompanying notes to financial statements

Statement of Net Assets

Statement 3

For the year ended July 31, 2005	2005			2004
	Operating Fund	Reserve Fund	Total	Total
Net Assets, beginning of year	$ 1,904,288	$ 2,653,294	$ 4,557,582	$ 4,048,944
Excess (deficiency) of revenue over expenditure for the year	824,737	(114,349)	710,388	1,508,638
	$ 2,729,025	$ 2,538,945	$ 5,267,970	$ 5,557,582
Dividends paid to General Revenue Fund	(1,000,000)	Nil	(1,000,000)	(1,000,000)
Net Assets, end of year	$ 1,729,025	$ 2,538,945	$ 4,267,970	$ 4,557,582

See accompanying notes to financial statements

Statement of Cash Flows

Statement 4

For the year ended July 31, 2005	*2005*	*2004*
Cash Flows from Operating Activities		
Excess of revenue over expenditure for the year	$ 710,388	$1,508,638
Cash flows from non-cash working capital - see summary below	62,575	(79,528)
	772,963	1,429,110
Cash Flows from Investing Activities		
Dividends paid to General Revenue Fund	(1,000,000)	(1,000,000)
	(1,000,000)	(1,000,000)
Increase (Decrease) in Cash and Cash Equivalents	(227,037)	429,110
Cash and Cash Equivalents, Beginning of Year	3,655,717	3,226,607
Cash and Cash Equivalents, End of Year	$ 3,428,680	$ 3,655,717
Summary of Cash and Cash Equivalents		
Cash	4,501	50,704
Due from General Revenue Fund	3,424,179	3,605,013
	$ 3,428,680	$ 3,655,717
Summary of Cash Flows from Non-Cash Working Capital		
(Increase) Decrease in Assets		
Accounts receivable	$ 208,829	$ (64,438)
Prepaid expenses	(256,437)	Nil
	(47,608)	(64,438)
Increase (Decrease) in Liabilities		
Accounts payable and accrued liabilities	112,035	7,079
Wage deductions payable	(159)	1,135
Goods and services taxes payable	(1,693)	(23,304)
	110,183	(15,090)
	$ 62,575)	$ (79,528)

See accompanying notes to financial statements

1. Status of the Corporation

The Saskatchewan Grain Car Corporation is a Provincial Crown Corporation established on October 2, 1979 by Order-in-Council 1787/79. The Corporation continues under the authority and provisions of *The Saskatchewan Grain Car Corporation Act*.

The Corporation's mission is to maximize the economic benefits to Saskatchewan agriculture as a first priority, other Saskatchewan industries as a second priority, and the Province in general, through the effective and efficient use of its resources.

2. Operating Agreement

(a) Canadian National Railway Company

The Corporation entered into an Operating Agreement from August 1, 2004 to July 31, 2005, with Canadian National Railway Company which allows the railway to lease the Corporation's cars free of charge for the Movement of Grain. Movement of Grain refers to the movement to port of grain products as listed under Schedule II of the *Canada Transportation Act*.

The railway may lease the Corporation's cars for commercial service at $17 per day, provided the cars are surplus to the requirements for Movement of Grain. Commercial service includes the carriage of grain at non-regulated freight rates as well as the carriage of other bulk commodities, such as potash.

The railway is responsible for maintaining and repairing the Corporation's cars at their own expense in accordance with Transport Canada and Association of American Railroads (AAR) Rules.

In the event that one of the Corporation's cars is damaged beyond economic repair, the railway is required to compensate the Corporation for the value of the car in accordance with Rule 107 of the Interchange Rules Manual of the AAR. All amounts received from the railways as compensation for destroyed cars are placed in a reserve fund to be used for the purchase of new cars.

The Corporation is in the process of negotiating a new agreement.

(b) Canadian Pacific Railway Limited

The Corporation continued to operate with the Canadian Pacific Railway Limited using the same terms and conditions as stated above. Their previous agreement expired July 31, 2004.

3. Significant Accounting Policies

a) Basis of Presentation

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. This requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. By their nature, these estimates and assumptions are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates and assumptions could be significant. These financial statements have, in managements opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting rules as summarized below.

(b) Fund Accounting

The financial records of the Corporation are segregated into two funds:

(i) *Operating Fund*, which records the operating revenues and expenditures of the Corporation; and

(ii) *Reserve Fund*, which records the compensation received from the railways for destroyed cars. All interest earned from cash balances is retained by the Reserve Fund.

(c) Revenue

Revenues from car operating leases is recognized as the service is provided to the lessee and collection is reasonably assured.

Revenues for destroyed cars is recognized in the year the car is damaged beyond economic repair.

(d) Investments

The investment in shares of West Central Road & Rail Ltd. is accounted for by the cost method with earnings reflected only to the extent of dividends received.

(e) Foreign Currency

The Corporation uses the temporal method to translate its Foreign currency transactions.

4. Due from General Revenue Fund

Most of the Corporation's bank accounts are included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan. The Corporation's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis into the Corporation's bank account using the Government's thirty day borrowing rate and the Corporation's average daily bank balance. The Government's average thirty day borrowing rate for 2004/2005 is 2.35% (2003/2004 2.41%).

5. Related party transactions

These financial statements include transactions with related parties. The Corporation is related to all Saskatchewan Crown Agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Corporation is related to non-crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the rate charged by those organizations and are settled on normal trade terms.

These transactions are as follows:

	2005	2004
Revenue		
Government of Saskatchewan (General Revenue Fund)		
- interest earnings	$ 90,359	$ 83,623
Expenditure		
Department of Highways and Transportation		
- President Services	$ 82,503	$ 122,566
Information Technology Office		
- Computer maintenance	$ 6,258	$ Nil
- Telecommunications	$ 3,088	$ Nil
Saskatchewan Property Management		
- Office rent	$ 59,277	$ 61,204
- Printing and copying	$ 611	$ 375
- Office supplies	$ 174	$ 1,695
- Consultants	$ Nil	$ 485
- Miscellaneous	$ 130	$ 23
Saskatchewan Telecommunications		
- Telecommunication services	$ 10,055	$ 8,033
Capital Pension Plan		
- Employee pension plan contributions	$ 14,120	$ 12,338
Workers' Compensation Board (Saskatchewan)	$ 2,870	$ 2,610
Minister of Finance		
- Notary Membership	$ Nil	$ 200
- Computer Maintenance	$ 6,988	$ 2,000
- Telecommunications	$ 4,958	$ 1,541
Saskatchewan Institute of Applied Science and Technology		
- Training Fees	$ Nil	$ 210
Public Employees Benefit Agency	$ 5,781	$ Nil

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

6. Financial Instruments

Significant Terms and Conditions

There are no significant terms and conditions related to financial instruments classified as current assets or current liabilities that may affect the amount, timing or certainty of future cash flows.

Credit Risk

The Corporation is exposed to credit risk from the potential non-payment of accounts receivable. The Corporation's receivables consist of amounts due from Canadian National Railway Company, Canadian Pacific Railway Limited and accrued interest on funds invested by the Provincial Government. The credit risk on collection of the receivable balance is minimal.

Fair Value

The carrying amount of cash, due from General Revenue Fund, accounts receivable and current liabilities approximate fair market value due to their immediate or short term nature.

7. Investment in Property, Plant and Equipment

In 1992, the Corporation wrote off its property, plant and equipment consisting entirely of hopper cars due to the inability to project with reasonable certainty, the possible future net cash flows from usage. The following is provided for information purposes.

The Corporation purchased 1,000 covered hopper cars in 1981 at a cost of $54,214,423. As of July 31, 2005, 66 cars have been destroyed; the remaining 934 cars are in service.

The Corporation has entered into Agreements with Rescar, Industries Inc., Carlton Trail Railway and GATX Rail Canada Corporation to upgrade and repair 460 hopper cars. To July 31, 2005, 147 hopper cars have been upgraded and repaired. The costs of the upgrading of the cars for 2005 was $149,727 (2004-Nil) and has been added to the cost of the rolling stock. Expenditures for hopper cars not yet completed have been recorded in prepaid expenses.

The investment in the hopper cars is amortized on a straight line basis over an expected useful life of 40 years.

	2005			2004		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Rolling stock	$50,835,304	$30,580,469	$20,254,835	$50,902,390	$29,434,927	$21,467,463

	2005	2004
Amortization	$1,374,847	$1,281,286
Less: Gain on disposals	(32,628)	(42,505)
Net for the year	$1,342,219	$1,238,781

8. Pension Plans

The Corporation participates in a defined contribution pension plan for the benefit of its employees. The Corporation's financial obligation to the Capital Pension Plan is limited to making regular payments to match the amounts contributed by employees for current service. The Corporation's annual pension expense for 2005 amounted to $14,120. (2004 - $12,338).

Recently the Corporation started participating in the Public Service Superannuation Plan (PSSP). The Corporation's financial obligation to the PSSP is limited to making regular payments which are 2.67 times the amounts contributed by the employees. The Corporation's annual pension expense for 2005 amounted to $5,781. (2004 – Nil)

9. Investment in shares of West Central Road & Rail Ltd.

The Corporation owns 4,000 Class "E" shares of the capital stock of West Central Road & Rail Ltd. This equity investment represents the Corporation's commitment to support the Research and Development aspects of Phase II (the demonstration phase) of the Grain Logistics Pilot Project. Phase II of the Pilot Project is intended to provide complete logistical services from farm-gate to port in the case of export movements, and farm-gate to commercial processing facility in the case of movements to domestic destinations throughout North America.

The Class "E" shares are transferable, non-voting except for the entitlement to elect 2 of 13 directors and participate equally in dividends and the distribution of assets on liquidation or wind-up. After June 28, 2006, the issuer may repurchase or the Corporation may retract a minimum of 1,000 shares at their fair market value as established by an independent appraiser.

The carrying value of this investment approximates fair market value.

10. Farmer Rail Car Coalition Agreements

The Corporation has signed agreements on October 16, 2002, June 16, 2004, May 5, 2005, and June 13, 2005 with the Farmer Rail Car Coalition (FRCC) to contribute $757,261 in cash and/or in kind contributions (technical expertise) to support the research and development by the FRCC of a proposal by the FRCC to purchase on behalf of Western Canadian Farmers the Federal Fleet of approximately 13,000 rail hopper cars. Total contributions to date are $628,861 consisting of $392,753 in cash and $236,108 in kind, with further cash commitments of $64,200 on September 1, 2005 and $64,200 on November 1, 2005.

The Corporation has further agreed to provide the FRCC with furnished office accommodation and equipment for use commencing June 22, 2005 and ending January 1, 2006.

The FRCC shall repay the full amount, including the value of in-kind contributions and furnished office accommodations (minimum $4,000 per month based on actual costs) plus interest at Royal Bank prime plus one percent from the time of payment, to the Corporation if the FRCC is successful in purchasing any portion of the Federal Fleet. Repayment will occur on the date of the first payment by the FRCC to Canada on account of the purchase price for the Federal Fleet.

Upon acquisition of any portion of the Federal Fleet by the FRCC, the FRCC shall negotiate in good faith with the Corporation for the purchase of the entire Corporation Fleet plus the other assets of the Corporation on the terms of the 1996 Agreement between Her Majesty the Queen and the FRCC.

Schedule of Administration Expenses

Schedule 1

For the year ended July 31, 2005

	2005 Budget	2005	2004
OPERATING FUND			
Advertising and promotion	$ 1,000	$ Nil	$ 776
Bank charges	350	339	293
Computer equipment	10,000	Nil	4,966
Computer maintenance *(Note 5)*	2,000	13,246	2,000
Computer software	5,000	2,565	834
Conferences and professional development	5,000	5,376	3,909
Consulting services	50,000	33,502	42,979
Miscellaneous	3,000	2,156	2,058
Office equipment and supplies *(Note 5)*	2,500	3,957	5,040
Printing, copying, postage and courier *(Note 5)*	10,000	7,605	8,064
Professional services	11,000	7,423	10,800
Rent - office space *(Note 5)*	63,000	60,657	61,874
Subscriptions and memberships	13,000	8,007	10,579
Telecommunications *(Note 5)*	18,000	19,505	11,460
Total - To Statement 2	$ 193,850	$ 164,338	$ 165,632

See accompanying notes to financial statements

Expenditure Disclosure

For the year ended July 31, 2005

Employee receiving payments totaling $50,000 or more for salaries or wages:

	2005	2004
Bernard Churko, Management Agreement Department of Highways and Transportation	$ 108,972	$122,566
Shannon Lindholm	53,321	50,268
Kelly Moskowy	83,303	88,973
Tim Shoulak	71,053	70,575
Total	$ 316,649	$ 332,382

Suppliers/consultants receiving payments totaling $50,000 or more for goods and/or services:

	2005	2004
Farmer Rail Car Coalition	$ 178,861	$ 94,387
Saskatchewan Property Management	60,192	63,783
A. Stucki Company	169,700	Nil
Apollo Machine & Products Ltd.	118,351	Nil
Carlton Trail Railway	104,115	Nil
Rescar Industries	94,808	Nil
Total	$ 726,027	$ 158,169

Statistical Summary

Year as of July 31, 2005	*Cars In Service*			*Cars Destroyed*			*Car Leasing Revenues*	
	CN	CP	Total	CN	CP	Total		
1979/80	-	-	-	-	-	-	-	
1980/81	477	273	750	-	-	-	-	
1981/82	477	523	1,000	-	-	-	$ 56,294	
1982/83	477	523	1,000	-	-	-	$ 11,850	
1983/84	475	523	998	2	-	2	-	
1984/85	475	523	998	-	-	-	-	
1985/86	475	523	998	-	-	-	-	
1986/87	474	523	997	1	-	1	-	
1987/88	474	523	997	-	-	-	-	
1988/89	474	523	997	-	-	-	$ 1,099,441	
1989/90	474	523	997	-	-	-	$ 92,310	
1990/91	474	523	997	1	-	1	$ 146,343	
1991/92	473	522	995	-	1	1	$ 268,342	
1992/93	473	522	995	-	-	-	$ 326,047	
1993/94	472	522	994	1	-	1	$ 816,083	
1994/95	472	518	990	-	4	4	$ 628,807	
1995/96	470	514	984	2	4	6	$ 946,233	
1996/97	468	514	982	2	-	2	$ 991,526	
1997/98	468	509	977	-	5	5	$ 1,080,412	*(See note 1, page 27)*
1998/99	468	509	977	-	-	-	$ 1,343,584	
1999/00	464	508	972	4	1	5	$ 1,189,104	*(See note 2, page 27)*
2000/01	458	498	956	6	10	16	$ 1,304,835	
2001/02	455	498	953	3	-	3	$ 1,033,158	
2002/03	454	497	951	1	1	2	$ 1,315,865	
2003/04	442	497	939	12	-	12	$ 1,766,041	
2004/05	440	494	934	2	3	5	$ 1,543,736	
Total:	**440**	**494**	**934**	**37**	**28**	**66**		

Notes to Statistical Summary

1. Revenue adjustments for 1997/98 fiscal year

Car leasing revenue recognized as per 1997/98 Financial Statement	$ 1,507,271
- Bad debt allowance as shown in 1997/98 Financial Statement	($ 160,000)
- Bad debt allowance as shown in 1998/99 Financial Statement	($ 53,543)
- Settlement recovery with CP for western Canada commercial moves form 1991 to 1997 realized in 1998/99	($ 204,612)
Car leasing revenue actually realized in 1997/98	$ 1,089,116

2. Revenue adjustments for 1999/00 fiscal year

Car leasing revenue recognized as per 1999/00 Financial Statement	$ 1,639,104
- Settlement recovery with CN for western Canada commercial moves from 1991 to 1997 realized in 1999/00	($ 450,000)
Car leasing revenue actually realized in 1999/00	$ 1,189,104

Corporate Information

Board of Directors

as of July 31, 2005

Honourable Maynard Sonntag
Chairman of the Board
Minister Responsible for the
Saskatchewan Grain Car Corporation
Minister of Highways and Transportation
(effective March 16, 2004)

Honourable Mark Wartman
Vice-chairman of the Board
Minister of Agriculture and Food
(effective March 16, 2004)

John Law
Deputy Minister
Department of Highways and Transportation
(effective July 27, 2004)

Doug Matthies
Deputy Minister
Department of Agriculture and Food
(effective March 16, 2004)

Management

Bernard Churko
President

Kelly Moskowy
Vice President, Operations

Tim Shoulak
Director, Planning and Research

Shannon Lindholm
Manager, Finance and Administration

Suzi Best
Senior Analyst

For additional information:
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Facsimile: (306) 798-0931
email: info@sgcc.gov.sk.ca

Bad Orders
A bad order is a car that had been deemed mechanically unfit for service.

Car Cycles
A car cycle is the time for a car to complete a trip from origin, to destination, and back to the next origin.

Commercial Service
Commercial service is defined as the movement of any commodity not destined to port for export, or the movement of commodities to port not covered under Schedule II of *the Canada Transportation Act*. For these commercial movements the Corporation receives a lease fee.

Domestic and Export Markets
Canada, United States, and Mexico make up the domestic or North American market; the rest of the world is the export or offshore market.

Metric tonne
A metric tonne equals 2,204.6 pounds or 1000 kilograms, and is 10 percent larger that a 2000 pound short ton.

Phosphate Rock
Also known as phos. rock, this product is the main source of phosphoric acid for phosphate fertilizers and industrial products. A form of calcium phosphate, it also contains other materials.

Potash
Typically denotes materials containing potassium, particularly potassium fertilizer. Most fertilizer is muriate of potash (KCl), potassium chloride. Potassium combines with other minerals in specialty fertilizers.

Statutory Grain Service
Statutory grain service is the transportation of commodities which are moved to port for export as defined in Schedule II of *the Canada Transportation Act*. Under the 1981 Operating Agreement between the Saskatchewan Grain Car Corporation, Canadian Wheat Board, CN Rail, and CP Rail, the Corporation allows CN and CP to use Corporation owned cars for the movement of Schedule II commodities to port facilities in western Canada at no cost to the railways.

Government of
Saskatchewan